

**MINUTES OF SPECIAL MEETING
ILLINOIS GAMING BOARD
September 26, 2005
CHICAGO, ILLINOIS**

NOTE: ITEMS IN **BOLDFACE PRINT** REFLECT OFFICIAL BOARD ACTIONS

A Special Meeting of the Illinois Gaming Board ("Board") was held on September 26, 2005. The Board met in the conference room of the Gaming Board Offices on the 3rd floor at 160 N. LaSalle for closed session.

The following Board Members were present: Chairman Aaron Jaffe, Members Charles Gardner, Joseph Moore, and Eugene Winkler. Member James Sullivan was present telephonically.

The meeting convened at 9:50 A.M. Pursuant to Section 2(c), paragraphs (1), (11), and (14) of the Open Meetings Act and Section 6(d) of the Riverboat Gambling Act, Member Gardner moved that **the Board retire to Closed Session to discuss the items listed under Closed Session on today's agenda and relating to the following subject matters:**

- 1. Investigations concerning applicants and licensees;**
- 2. Pending litigation and matters involving probable litigation; and**
- 3. Personnel matters.**

Member Winkler seconded the motion. The Board approved the motion unanimously by voice vote.

The Board convened its Open session at 11:35 P.M. Member Sullivan was present telephonically.

Chairman Jaffe stated that the Board has been contemplating the issues surrounding Penn National's request to purchase Argosy for a while now. Chairman Jaffe stated that the Board has had many discussions regarding the matter, as well as individual discussions with Penn National.

Penn National – Request to Purchase Argosy Gaming – Key Person – Kevin Desantis, President and Chief Operating Officer of Penn National, was present on behalf of Penn National. Mr. Desantis inquired if there is any additional information that Penn National could provide to the Board that would change their mind from an undo economic concentration standpoint.

Chairman Jaffe stated that undo economic concentration is not the sole issue before the Board. Chairman Jaffe stated that the Board has to examine this issue from all angles. Chairman Jaffe stated that there are twelve criteria and the Board has been discussing all of

those. Chairman Jaffe stated that the Board does not want to give anyone the impression that the only issue is undo economic concentration.

Mr. Desanctis stated that Penn National is hoping to reach a final determination today. Mr. Desanctis stated that Staff advised Penn National that the Board was in a position where they may be prepared, subject to some questions, to reach a final position with certain conditions. Mr. Desanctis stated that Penn National is prepared to simplify the matter in that Penn National is prepared to divest itself of both Alton Belle Casino and Empress Casino in Joliet in the attempt to make it easier for the Board's consideration. Mr. Desanctis stated that if Penn National were to divest itself of the boats, it would like an 18-24 month time frame to get a definitive sales agreement. Mr. Desanctis stated that the reason for the 18-24 month time frame is because if it is inclusive of regulatory approvals, Penn National is confident that people who are interested in purchasing the boats could come from outside of the state and that would require a fairly extensive licensing process, which could range up to 12 months. Mr. Desanctis stated that if Penn National were to go into a 15 or 18 month inclusive process, that would give Penn National three to six months in which to market and sale the assets, and would create undo pressure on the company.

Mr. Desanctis stated that Penn National would be totally supportive in all of the diversity requirements. Mr. Desanctis stated that Penn National would agree not to expand its Board of Directors in connection with this matter.

Mr. Desanctis stated that Penn National is hoping that if there were certain paper work or details that needed to be worked out, the Board would delegate that to Staff in order to move the process along.

Cid Froelic, Attorney, discussed the waiver of the right to appeal. Cid Froelic stated that Penn National has informed Staff that they would like to retain its right to appeal during the period of time that Penn National is allowed to try to sell the boats. Cid Froelic stated that the sole reason for Penn National wanting to retain its right to appeal is because if the 10th license comes on board, or the Chicago license should resurrect itself, it could change the Board's position on undo economic concentration, and Penn National would hate to be in a position where they are in the process of selling both boats and would not be able to come before the Board and request the Board to reconsider.

Chairman Jaffe stated as a point of clarification that it was not the Board's position that Penn National had to sell two of its boats.

Mr. Froelich stated that Penn National was hopeful that if it sells both boats, they are back to where they were before with just Hollywood casino and there would not be an issue regarding undo economic concentration. Mr. Froelich stated that Penn National is trying to make this issue as simple as possible to expedite matters.

Member Gardner inquired about Penn National's request to retain its right to appeal. Member Gardner asked what was it that Penn National would appeal. Mr. Froelich stated that Penn National would like to retain that right because if the 10th license is auctioned and the Board's policy changes and one of the other boats says that they want to bid for that 10th license, it would mean that they would have two licenses in Chicago. Mr. Froelich stated that Penn National does not want to be "left out in the cold" and would want the same opportunities as the other boats.

Member Winkler asked, for a point of clarification, in order to expedite the process would Penn National be willing to forego the right to appeal. Mr. Froelich stated that Penn National would be willing to forego that right.

Member Gardner stated that Penn National would always have the right to come before the Board to request reconsideration.

Member Winkler stated that the Board would always be open for reconsideration.

Chairman Jaffe stated that reconsideration is always something that the Board is open to.

Chairman Jaffe stated that this is not a Penn National issue. Chairman Jaffe stated that the Board is not saying that Penn is a bad company. Chairman Jaffe stated that the issues that the Board has would be the same with any company that comes before the Board. Chairman Jaffe stated that the Board has to be flexible, but also abide within the restraints that it has.

At 11:50 Member Winkler moved that **the Board reconvene to Closed session**. Member Moore seconded the motion. The Board approved the motion unanimously by voice vote.

At 12:45 **Member Winkler moved to reconvene to Open session**. Member Gardner seconded the motion. The Board approved the motion unanimously by voice vote.

Chairman Jaffe stated that the Board has considered all of the elements necessary pertaining to the merger. Chairman Jaffe stated that the Board has been meeting for weeks to resolve the issue.

Chairman Jaffe stated that after hearing the Board's concerns, Penn National did agree to accept most of the conditions that the Board put in, and volunteered to get rid of the Empress Joliet Casino and the Alton Belle Casino within a certain time period.

Chairman Jaffe stated that the Board would like for its legal staff to work with Penn National on a final draft of the merger. Chairman Jaffe stated that the Board would take action on the final action at the September 29, 2005 Regular Board meeting.

At 12:50 P.M. Member Gardner moved that the Board reconvene to Closed session. Member Winkler seconded the motion. The Board approved the motion unanimously by voice vote.

The Board adjourned at 2:00 P.M.

Respectfully submitted,
Monica Thomas

Secretary to the Board